

To: J. Janssen



County of Los Angeles

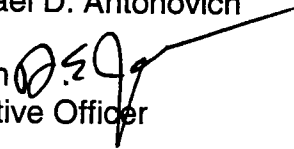
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

July 1, 2005

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen 
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

TRIAL COURT FACILITIES ACT OF 2002: QUARTERLY UPDATE

On November 12, 2002, your Board instructed my office to report on the implementation of SB 1732 and to provide quarterly updates thereafter. SB 1732 is the legislation which requires the transfer of county courthouses to the State. This is the tenth quarterly report on the subject and covers April through June 2005 activities.

On April 7, 2005, representatives of my office, Department of Public Works (DPW), County Counsel, and the Administrative Office of the Court (AOC) met and discussed issues regarding the proposed transfer. A summary of that discussion follows:

- Progress was made on clarifying the insurance issue from the earlier reported AOC position, which interpreted SB 1732 to mean that counties would pay an amount equivalent to the estimated cost of commercial insurance to insure each courthouse. The current agreement with the AOC is that the County is self-insured and does not carry commercial insurance, unless the facility is bond financed. Therefore, the County insurance cost, which would be transferred to the State, should be limited to the actual cost of property and liability losses associated with the transferable portion of courthouse facilities in the base period.
- The County team reiterated that the State's seismic rating system, which precludes most facilities from being transferred, was unacceptable.

Implementation of the AOC rating system would require the County to structurally retrofit most of its courthouses. The County noted that unless the seismic requirements change, the County will be constrained financially from transferring all but a handful of courthouses. This issue may be resolved with the adoption of the introduced SB 395 (Escutia), which would provide legislative intent to put a State Bond Act on the ballot to fund the acquisition, construction, and rehabilitation of courts, and AB 262 (Berg), which would allow the County to transfer courthouses to the State if they are considered safe for occupancy by the local building official. These two bills are currently being held in suspense in the Senate and Assembly Appropriations Committees.

- The AOC informed us that they will not accept transfer of new courthouses at this time because SB 1732 language allows for transfer to the State without a County transfer payment. For this reason, the AOC asked the County to delay the transfer of the Airport and Chatsworth courthouses, which we have been actively working on transferring for the last year, and will also delay the transfer of the Michael D. Antonovich Antelope Valley Courthouse.
- The AOC and the County have agreed to begin the process of transferring the San Fernando Courthouse. As required by SB 1732, the County has submitted to the AOC documentation for the San Fernando Courthouse's related to structural, physical environmental conditions, and bonded indebtedness, among other items. Chief Administrative Office (CAO) staff are also working with the Auditor-Controller on completing the County Facilities Payment Form (CFP), which calculates the County's annual payment to the State based on actual expenditures.
- The County team and the AOC tentatively agreed that a maintenance service agreement will be drafted to require the State to fully fund an agreed-upon service level for the transferred courthouses. Both parties also agreed that any additional services, upgrades, and major repairs will be proportionally funded by the AOC and the County. This method is similar to our "proprietorship program", which is used to determine level of service and cost apportionment among the various County user departments in multi-tenant buildings.
- The County and AOC agreed that the County can lease to a third party the vacant courthouses, such as Culver City and South Gate. The lease agreement should contain a provision to terminate or amend the agreement, when and if the courthouse is transferred to the State. After transfer, the State becomes the

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owner of the facility, and may wish to implement different terms than those of the County's.

Recent Activities

On May 13, 2005, my office hosted the quarterly Southern California Counties meeting on the court facilities transfer. Issues discussed included:

- Each county presented their own perspective on the negotiations with the AOC. Los Angeles County shared with the group the content of the April 7, 2005 meeting with the AOC. The group agreed to adopt a common solution to some of the issues raised.
- The counties discussed the Facilities Payment Form training which was provided by the AOC and its impact on the counties' efforts to complete these forms, to provide the required information, and to make available all supporting documentation.
- Parking allocation remains an issue among the counties, which seek to ensure a fair allocation of parking spaces between each county and the State.
- The counties discussed the impact of some of the pending legislative bills, AB 262, SB 395, and AB 1435 (Evans), on the implementation of SB 1732. This County's positions are to support AB 262 and to support SB 395, if amended as discussed on page 2, above. AB 1435, which expands the definition of allowable projects for the Courthouse Construction Fund, does not affect this County.

County staff continue to participate in the monthly conference calls with the California State Association of Counties (CSAC). We will report back with the next quarterly report in October 2005.

DEJ:JSE
MV:AT:rr

c: Executive Officer, Board of Supervisors
Auditor-Controller
County Counsel
Internal Services Department
Department of Public Works